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MEMORANDUM

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TO: Docket Control
FROM: Ernest G. Johnson
for Director
Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED

FEB 23 2007

DOCKETED BY *nr*

DATE: February 23, 2007

RE: CEDAR GROVE WATER, INC. REQUEST FOR AN EXTENSION OF
TIME TO COMPLY WITH DECISION NO. 68304 DOCKET NO.
W-02597A-04-0456

On December 4, 2006, Cedar Grove Water, Inc. ("Cedar Grove" or "the Company") filed a request for an extension of time to comply with a due date set forth in Arizona Corporation Commission ("Commission") Decision No. 68304.¹

As part of Decision No. 68304 the Commission ordered the following:

"IT IS FURTHER ORDERED that Cedar Grove Water Company shall file with Docket Control, as a compliance item in this docket, a copy of the Approval To Construct issued by the Arizona Department of Environmental Quality for the extension facilities within 365 days from the date of the Decision in this matter."

Compliance with this ordering paragraph was due by November 14, 2006. In its December 4, 2006, filing Cedar Grove requested a 180-day extension to obtain the final Approval To Construct ("ATC") documents from the Arizona Department of Environmental Quality ("ADEQ").

The Company originally thought it could obtain a waiver of ADEQ ATC requirement because the total cost of the extension facilities was less than \$50,000. Upon contacting ADEQ the Company has since learned that an ATC will be needed. The Company has informed Staff that it is preparing a filing with ADEQ to obtain the ATC it needs to comply with Decision No. 68304. Staff believes that the Company should have taken action sooner to obtain the ATC or to seek its waiver if it thought one could be obtained.

Staff recommends the Company be granted its request for a 180-day extension, until May 13, 2007, to file the ATC required in Decision No. 68304. Staff further recommends that no additional time extensions of this ATC filing requirement be granted by the

¹ Decision No. 68304, dated November 14, 2005, approved the application of Cedar Grove Water, Inc. for an extension of its Certificate of Convenience and Necessity.

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Commission. In addition, due to the fact that the Company did not take appropriate action on this matter in a timely fashion, Staff recommends that the Company be put on notice that the Commission may impose fines and/or other appropriate sanctions should the Company fail to meet the May 13, 2007 deadline.

EGJ:DWS:tdp

Originator: Del Smith

SERVICE LIST FOR: CEDAR GROVE WATER, INC.
DOCKET NO. W-02597A-04-0456

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